

UNITED NATIONS DEVELOPMENT PROGRAMME



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DP/PROJECTS/7236

ENGLISH

APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF PARAGUAY

IPF: (1992-1996) \$5 200 000

(PAR/91/007) - Strengthening the Management Capacity of the Ministry of Industry & Commerce

Date of approval by the AC: ^{1/}	18 December 1991
Expected duration:	36 months
Proposed executing agency:	Government
Government implementing agency:	Ministry of Industry and Commerce (MIC)
Proposed UNDP contribution:	\$ 572 000 Source of funds: IPF
Government cost sharing:	\$5 150 400
Total UNDP budget:	\$5 722 400

Project background

The industrial sector of Paraguay is among the smallest and least developed in Latin America, accounting for less than 20 percent of the GNP. Approximately 90 percent of the industries are of small or medium size (no more than 5-20 employees) and highly concentrated with 70 percent of total production being accounted for by wood and food processing.

Traditionally, Paraguayan entrepreneurs have been largely commercially oriented; and industrial success required longer-term planning and greater investment. Commerce, therefore, was the more logical choice, especially given the lack of both credit and/or other financial and fiscal policies encouraging industrial development. Paraguay subsisted on the export of raw materials, primarily cotton and soya. In view of both its own ideological outlook and the exigencies of international financial institutions, the Government is currently in the process of undertaking political and economic reform. Industry constitutes a major priority. Several laws have been passed in 1990-91 liberalizing trade regulations providing fiscal incentives for investment in the industrial sectors and allowing for greater exchanges between the state and private entrepreneurial organizations. The Ministry of Industry has been restructured to enable it to function as an industrial catalyst with improved policy formulation, sectorial analysis, and implementation, monitoring and evaluation of the national industrial policies and directives. It is in this context that the Government has requested UNDP assistance under the present approval.

Description of project

The immediate objective of the project is to assist in the strengthening of the Ministry of Industry and Commerce (MIC) by undertaking technical assistance within the

^{1/} This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

rubric of eight sub-programmes.

These sub-programmes are as follows: (a) Industrial Extension Service (IES): the MIC will establish a IES unit for which technical assistance will be provided, and technical training and managerial support in areas such as textile, shoes, leather, oil, etc. will also be given in order to improve production and competitiveness of the industry; (b) Handicraft Promotion Service (HPS): Assistance will be provided to establish a nation-wide structure to train artisans, improve the quality and marketing of their product, and assist in organizing commercial units for organizational and promotional purposes; (c) Technical Unit of MIC: Assistance will be directed towards enhancing the technical unit both by establishment of the requisite systems and by elaboration of technical, economic and sector specific studies; (d) MERCOSUR: Technical assistance will be provided to train the personnel from the Ministry and the private sector in the requisite fields, such as negotiation, trade laws, rules and regulations, fiscal policies, etc.; (e) Regional Offices of MIC: Technical assistance will be directed towards improving the capacities within these regional offices to identify the investment and technical needs of local industry, to improve export promotion and to operationalize the industrial extension services catering to the regional needs; (f) Investment: Assistance will be given to identify and analyze the industrial needs, to prepare investment projects, co-ordinate aid to the sector, to disseminate information on technological transfers and train the public and private sectors in the analysis and implementation of capital investment projects; (g) Unit for International Negotiations: Within MIC and International Negotiations Unit will be established for the specific purpose of negotiating international agreements of a bi and multi-lateral nature, specially those outside the framework of MERCOSUR. Training and assistance for the requisite studies will be provided; and (h) Technical assistance will be provided to assist in the establishment of the Directorate of Industrial Property that will address the issue and create and administer systems for dissemination of information on pertinent technological and patent concerns.

Inputs

UNDP will provide 190 work-months of international consultants in production technology, international commerce, international law, investment projects, industrial economists, patent law and administration, and a project co-ordinator; 3450 work-months of national consultants in industrial management, marketing, system analysts, investment and legal, accounting and fiscal systems; training programmes organized in the above-mentioned areas; equipment consisting of primarily computers for the data bases and vehicles; and miscellaneous costs.

Financial data

	\$
Personnel	4 008 600
Training	139 900
Equipment	252 500
Miscellaneous	<u>1 321 400</u>
Total	<u>5 722 400</u>

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